



Coast Guard HR Flag Voice 69

BASIC ALLOWANCE FOR HOUSING (BAH) UPDATE

In Flag Voices 12 and 21, I discussed Basic Allowance Housing (BAH) reform highlights and subsequent policy changes affecting our Leased Housing Program (LHP). In this Flag Voice, I will explain the Coast Guard's housing program outlook for the upcoming year, new developments, and how they may affect you.

As you may recall, BAH's primary goals are to make the housing allowance system more equitable across a given pay grade no matter where stationed and more accurately reflect the market for "adequate" housing. BAH does so by collecting rental market data for each Military Housing Area (MHA) to determine the national median housing cost at each pay grade and then having members in each pay grade pay the same relative rental housing cost regardless of where assigned.

Lessons Learned.

In 1999, BAH implementation went fairly smoothly. One reason for this is the outstanding relationship we have established with the Department of Defense (DOD) BAH project staff. Working closely with them, we found the data DOD's contractor collected accurately reflected the housing marketplace in most areas and our people generally fared acceptably under the BAH system. We also learned educating our personnel about the system was critical to dealing with misperceptions and rumors. For areas with seemingly atypical housing allowances, objective field feedback was crucial to identifying problem areas to enable us to resolve them. I sincerely appreciated these communications. For instance, we learned BAH did not accurately reflect conditions in areas where the housing market is undergoing hyperinflation, such as in San Diego over the last couple of years. There, we adjusted the leased housing matrix so more members were eligible. We also worked with DOD's BAH program office to assist them in collecting data this year and provide information on leases in that area. We also learned in a few places, such as areas with strong seasonal rental markets, the initial BAH survey didn't always accurately depict the true rental market. In all cases, we were able to work with the local commands to find solutions through the Leased Housing Program and provide key information on field conditions to DOD. For the Coast Guard, established BAH allowances also were particularly helpful by providing solid data to validate our Leased Housing Program, which in turn, helps us confirm that Program is doing what it is designed to do, namely, serving as our members' safety net.

What Can We Expect in 2000?

First, Congress has authorized (required) compressing the transition timeline to full BAH implementation. Instead of an additional four years of transition, we now will fully implement BAH on 1 January 2000. We expect to publish the new tables by mid- to late December. The additional funding will further reduce military members' national median out-of-pocket costs, from around 20% down to about 18.3%. In addition, this funding permits us to adopt more appropriate housing standards, on which market rate surveys and calculations are based, to improve our junior members' quality of life. For instance, last year the E-6 standard was a two-bedroom townhouse; this year, it's a three-bedroom. Despite the improvements, we need to remember the reality is BAH rates will go up in some areas and down in others. Where rates fall, grandfathering provisions will protect members for the duration of their tour. My staff has verified those rates' validity. Finally, I want to reemphasize the Leased Housing Program will be available as a safety net for members with non-standard family sizes, for whom housing availability is a problem due to the local market and in those areas with unresolved, unique market characteristics. In sum total, accelerating full BAH rate implementation will place approximately \$13M in our members' pockets - because that's how much allowances will likely increase this year!

How Can You Help?

Keep those lines of communication open. Objective feedback is critical to BAH's success. We will continue to work with DOD to make this program meet our people's needs. If you believe a rate discrepancy exists, please give us the specifics and we will work to resolve the issue.

Regards, FL Ames

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